GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5754
ANSWERED ON:03.05.2002
TAX BENEFIT TO ASSAM
MONI KUMAR SUBBA

Will the Minister of FINANCE be pleased to state:

(a) Whether the Assam Industrial Development Corporation hasappealed to Union Government to extend income tax benefits alongwith other incentives under the Northern-Eastern Policy, to the new industrial units in Assam till March, 2007; and

(b) if so, the specific central tax and other benefits have been asked for and granted to the new industrial units in Assam?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a) & (b): No, Sir. However, the Department of Revenue has received similar representation from the North Eastern Tea Association and the Eastern Assam Chamber of Commerce & Industry.

Under section 80-IB Income-tax Act, 1961, anindustrial undertaking in Assam (being a backward State) set up before 31.3.2002 is eligible for deduction of 100% of the profits and gains derived from such industrial undertakings for the first five years, and 25% (30% in the case of companies) for the next five years.

Under the same sectionindustrial undertakings in thrust sectors set-up upto 31.3.2002 in Assam (and the whole of North-East) are entitled to deduction upto 100% of the profits for a period of 10 years.

The Finance Bill, 2002 has extended this duduction to on or before 31.3.2004.

Under section 10C, industrial units in Assam (and the whole of North-East) located in an Integrated Infrastructure Development Centre set-up after 1.4.1998 are eligible for 100% tax exemption of entire profits under section 10C for a period of 10 years.

Exemption from central excise duty is also available to units in Assam under notification number 32-99-CE and 33/99-CE which is available from the date of commencement of production for a period of 10 years.